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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

121

No. [redacted]

RADIATOR SPECIALTY COMPANY, *Petitioner,*

v.

RICHARD MICEK, *Respondent.*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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ARTICLE CITED

Arnold, *Rights In Trade Secrets That Are Not Secret*, in Southwestern Legal Foundation Lectures on Patent Procurement And Exploitation 125 (BNA, Inc. 1963) 9

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PETITION FOR WRIT OF CERTIORARI

Petitioner, Radiator Specialty Company, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit herein, which affirmed a judgment of the United States District Court for the Southern District of California, Central Division.

REPORTS OF OPINIONS BELOW

The opinion of the Court of Appeals is reported at 327 F. 2d 554 and 140 USPQ 294. The opinion of the District Court is reported only at 135 USPQ 220. Both opinions are appended (App. 2a, 14a).

GROUNDS FOR INVOKING JURISDICTION OF THIS COURT

The judgment of the Court of Appeals which this petition seeks to have reviewed is dated and was entered January 15, 1964 (App. 1a).

A petition for rehearing was denied by an order of the Court of Appeals entered April 1, 1964 (App. 11a), and an order staying issuance of judgment was entered April 7, 1964, conditioned upon the filing of this petition for writ of certiorari on or before May 29, 1964 (App. 11a).

Jurisdiction is believed to be conferred on this Court to review the judgment in question by writ of certiorari under the provisions of 28 U.S.C. § 1254(1).

The jurisdiction of this Court is invoked on the ground that the judgment in question has decided a federal question arising under the patent laws of the United States in a way believed in conflict with an applicable decision of this Court while remaining silent with respect to this applicable decision despite petitioner's assertions of its governing authority both upon appeal and by petition for rehearing, so as to suggest that the judgment in question may have been so far influenced by a joined issue concerning misuse of confidential information as to deal with the federal question anomalously and call for an exercise of this Court's power of supervision.

QUESTION PRESENTED

Where a federal court concludes that there has been copying of a device while an application for patent was pending thereon and that the copier used trade secret disclosures assertedly made during unsuccessful negotiations with the then applicant and subsequent pat-

entee, may the court, in concurrently considering asserted infringement by the copier of a subsequently issued patent on the device and after concluding in this respect that "there is nothing new about any feature," properly hold that the combination of old elements forming the device amounted "(for the moment at least)" to patentable invention when the patentee had expressly conceded before the Patent Office that he was not the first inventor of the combination and when, moreover, the court leaves unexplained what aspect of the combination it considered to exhibit invention.

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

U. S. Court, Art. I § 8. "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; . . . ."

35 U.S.C. § 101. "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."

35 U.S.C. § 102. "A person shall be entitled to a patent unless—

. . .

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. . . . ."

35 U.S.C. § 103. "A patent may not be obtained . . . if the differences between the subject matter sought

to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains. . . . ."

35 U.S.C. § 282. "A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it. . . . ."

STATEMENT OF THE CASE

Petitioner, a manufacturer of chemical and rubber specialties for the automotive and plumbing markets, has been held liable for patent infringement, and for misuse of confidential information concerning the patented subject matter prior to its patenting.

The patented subject matter is a hinged mounting arrangement for the rubber valve ball of a toilet flush tank that is intended for use in place of the vertical pull rod normally employed with such valve balls. The patentee formally conceded during Patent Office interference proceedings that he was not the first to propose a hinged mounting arrangement of the patented sort (App. 23a, R. 64).

The action for patent infringement was initially joined with a claim for unfair competition, as well as with the cause for misuse of confidential information. Federal jurisdiction in the District Court was based on 28 U.S.C. §§ 1338(a) and 1400(b) as to the patent infringement cause, and on 28 U.S.C. § 1332 as to the joined causes.

The District Court denied the claim for unfair competition, but held the patent in suit valid and infringed, and concluded that petitioner had misused related con-

fidential information while an application for the patent was pending. The Court of Appeals affirmed, saying as to validity of the patented subject matter only that (App. 4a):

> We have traced through all of the prior art patents placed in evidence by the parties and we do not find Micek's patent anticipated by any of them. The presumption of validity, to us, remains unimpaired. Broken up into little parts, there is nothing new about any feature. But it is the combination of many old elements that has created something new (for the moment at least) beyond the ordinary mechanic's skill.

The device thus held validly patented was, as the District Court found (App. 15a), being marketed by the respondent prior to the first knowledge that petitioner had of this device. Petitioner, upon encountering trade notices of the device, explored the possibility of participating in its marketing through negotiations with respondent, which ended unsuccessfully because no agreement could be reached as to pricing policy. Somewhat more than a year later, and while an application for the patent in suit was still pending, petitioner entered the market with a lower-price competing device of its own.

Both courts below have concluded that petitioner, in bringing its competing device to market, misused trade secret disclosures made confidentially by respondent during the unsuccessful negotiations. Petitioner does not contend that this conclusion may now be attacked as a matter of law, nor does petitioner feel it may properly ask further review of what it considers to be a clearly erroneous fact finding basis for the conclusion.

But petitioner does submit that certiorari should be granted to consider the manner in which the courts below have additionally held valid the respondent's subsequently obtained patent that, standing alone, could not reasonably have been expected to survive the test for invention prescribed by *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147 (1950).

ARGUMENT

Whatever is to be said of the conclusion below that attributes misuse of confidential information to petitioner, it was pointedly noted in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 257 (1945) that: "The interest in private good faith is not a universal touchstone . . . ."

But for the apparently ill-advised attempt to negotiate with respondent, petitioner would have shared the general right to copy respondent's device as it was then being marketed, subject only to the risk of infringing any valid patent subsequently obtained. *Schreyer* v. *Casco Products Corp.*, 190 F. 2d 921, 924 (2nd Cir. 1951), certiorari denied, 342 U.S. 913.

Even though petitioner has been found to have placed its general right to copy in jeopardy through exposure to negotiations with respondent, it goes a very long way additionally to deny petitioner any standing to contest respondent's subsequently obtained patent, as both courts below have in effect done *sub silentio*.

From all that appears in either opinion below it is the presumption of validity that petitioner has failed to overcome and that leaves the patent in suit to be dealt with as if it were valid. The District Court com-

menced its consideration of validity by recognition of "a very crowded art" coupled with a caveat as to presumed validity and then continued (App. 18a):

> Without going into great detail, it seems to me that Micek, after some considerable experimentation, first conceived a hinged up-and-down swinging beaked detachable yoke made of resilient wire, and pipe clamps with yoke holding and stop means as an integral part of the clamp, all of which were novel and which he first taught to the art. Micek aligned these features into a workable and acceptable flush device .... The presumption of validity in favor of Micek's patent has not been overcome ....

On appeal, it has already been noted that the Court of Appeals found this presumption of validity "unimpaired" and, while seeing "nothing new about any feature," concluded that the patented combination had "created something new (for the moment at least) beyond the ordinary mechanic's skill." (App. 4a)

Nowhere in either opinion below is there the slightest intimation that petitioner strenuously argued what seemed to be the unanswerable consequence of a formal Patent Office concession by the respondent Micek (App. 23a, R. 64) that he was not the first inventor of the patented combination which petitioner is now held to infringe through a substitution of equivalents. To be sure, this concession of priority was made to an interfering party whose hinged yoke was not made of "resilient wire," but the Court of Appeals has plainly said that there is nothing new about any such feature of respondent's combination. How then is silence concerning the respondent's apparently solemn concession of priority to be justified.

But let justification be assumed, and let it be supposed too that respondent's combination of old elements is not exactly anticipated by the prior art, is there warrant even so for presuming respondent's patent valid against petitioner while stating no more than "something" as the novel substance.

The presumption of validity was last restated by this Court to the effect that "one otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance." *Radio Corp.* v. *Radio Laboratories,* 293 U.S. 1, 8 (1934). In *Williams Mfg. Co.* v. *United Shoe Machinery Corp.,* 316 U.S. 364 (1942), the dissent noted in particular (at 392) that this rule of presumption requires the patent to be "fair upon its face." Since *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp. supra* (340 U.S. 147), it should be possible to consider settled that no patent for a combination of old elements can be taken as "fair upon its face," but must be scrutinized "with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements."

Here, however, after presuming the patented combination of old elements valid for having newly created a puzzling "something," the Court of Appeals goes on to affirm petitioner's adjudged liability for misuse of confidential information, and then notes that: ". . . any damage for this breach will probably all be included within the damage to be ascertained for the patent infringement." (App. 4a)

This latter statement is certainly so, but how is it apposite. The business community must face perplexi-

ties enough in dealing with asserted trade secret violations;* it should not have to expect that settled rules of patent law may become unsettled when joined with these perplexities. However the other circumstances of this case may be viewed, it is submitted that an undefined "something" is not a proper basis for holding the combination patent here at issue valid.

Great Atlantic & Pacific Tea Co. v. *Supermarket Equipment Corp., supra* (340 U.S. 147), was amplified in concurrence (at 154) to emphasize that: "The standard of patentability is a constitutional standard; and the question of validity of a patent is a question of law."

Quite recently this Court has had occasion to reassert the general right of all to copy an unpatented article or its equivalent—an article invalidly patented. *Sears, Roebuck & Co.* v. *Stiffel Co.*, No. 108, this Term, decided March 9, 1964; *Compco Corp.* v. *Day-Brite Lighting, Inc.*, No. 106, this Term, decided March 9, 1964.

To hold the patent here at issue valid against petitioner is to assert as well that the general right of all others to copy the previously marketed form of the now patented device should be extinguished.

Such a result warrants a reason, and a naked "something," beyond failing to supply a reason, invites an inference that no reason can be stated which the constitutional standard will allow or which may properly be presumed.

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* See Arnold, *Rights In Trade Secrets That Are Not Secret*, in Southwestern Legal Foundation Lectures on Patent Procurement And Exploitation 125 (BNA, Inc. 1963).

CONCLUSION

Wherefore, it is submitted that this petition shows circumstances calling for an exercise of this Court's power of supervision and should be granted.

Respectfully,

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